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CONFIDENTIAL

RICHMOND MEETING
NEW PRODUCTS SESSION

MAX HAUSER

March 10, 1982

During the course of the meeting I jotted down comments made by the attendees that appeared pertinent to future direction in R&D programs. I have listed them chronologically as they occurred.

5-6 MG ULTRA LIGHTS - MR. MEYER'S AREA

In the discussion of developing a product with competitive flavor character:

- Mr. Goldsmith was not too sure of this approach and indicated that he felt we had trouble advertising for the blue collar consumer.
- Mr. Morgan indicated that we should be sure to pick the right flavor since Reynolds is staging Camel Lights to compete against Marlboro and that we should not be copying our "own" flavor. 2
- Mr. Goldsmith asked the question of whether the 5-6 mg level would be low enough to call a breakthrough in the time period for which the product is targeted. (2-3 years) (3 mg) ! ?
- Mr. Pollack asked what the competitors will have by 1985.
- Mr. Goldsmith suggested that it was our responsibility to change market trends. !
- Mr. Morgan commented that the day of full-flavored smokers coming to Merit is over. He indicated that a 3 mg that tasted like a 12 mg would be more of a breakthrough and a better sales product. sure
- Mr. Goldsmith expressed the opinion that if the current B&H Ultra Lights were a 3 mg, it would be a superior product and would be considered a breakthrough. sure
- Mr. Britton said that he felt we needed to learn how to fix the flavor in the cigarette again since we seem to have lost this ability.
- Alex Holtzman indicated that cigarettes by the numbers may be over-- FTC may be going out of the number business as the result of the lack of confidence in numbers. ?

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SLIM 85 DISTINCTIVE MENTHOL

With regard to the PVA menthol paper, Mr. Pollack indicated that he suspected we would have transportation problems with this product.

DIAL-A-TAR

Mr. McDowell indicated that the consumer has to be able to clearly distinguish the difference between the high and low tar positions.

FILTER INNOVATION

CO-EXTRUDED

Mr. Goldsmith ^{thought} through it was an intriguing material and it might lead itself to a unique product.

FOAMED TECHNOLOGY

- Mr. McDowell indicated that if we really needed the technology from Celanese we should make a formal request. |
- Mr. Goldsmith indicated that he thought we were lightly touching filters-- we need to set our own battlefield in penetrating a 35% market share. He sees quite a possibility for new filter positionings by the competitors and wants to make sure that we don't lose the competitive edge in this area. XX
- Mr. Morgan indicated that in their reading of the market place in the next two years there would be no current direction for the market in the area of product development and that we should be alert to unusual items and take a broader, more radical approach emphasizing any point of departure. XX
- Mr. Goldsmith indicated that there doesn't really have to be a difference in the product, just a perceived difference by the consumer. He said that we shouldn't lose the entrepreneurial spirit. It is important that our time to market should be rapid and that the "bigness" we currently have not affect this goal. XX

WET - MR. TURANO'S AREA

Mr. Goldsmith suggested that the subjective advantage of WET could well be utilized in Argentina and Venezuela. X

CURING PRACTICES - DR. FARONE'S AREA

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There was considerable interest in this development. It was suggested that sun-cured tobacco could be used in a new product for a different taste. ✓

Mr. Goldsmith said to be sure and not be too scientific about testing the products in this area--we should develop the products and see how the public reacts. He indicated that we should test novel products with the public. XX

DR. OSDENE'S AREA

Tom Goodale/WWM
(notes are with LFM)

- Mr. Goldsmith indicated that ammonia in our products has been good and that we should be careful before we remove all of the ammonia from our products. He was also concerned about the testing protocols in the area of the biological activity of smoke. He said that things were changing and that we needed to change with it. TSO
- Dr. Seligman indicated that there was still no better tool than Skin Painting for testing for carcinogens.
- Mr. Goldsmith indicated to Dr. Osdene, "Don't you get lost on what used to be." TSO

RNT/mro

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